

**MURRAY CITY MUNICIPAL COUNCIL
BUDGET & FINANCE COMMITTEE
FY 2006-2007 Budget Meeting
April 25, 2006**

The Murray City Municipal Council met as the Budget & Finance Committee on April 25, 2006 in the Murray City Municipal Building, Conference Room (Room # 107).

Members in Attendance:

Jeff Dredge	Budget Chairman
Patricia W. Griffiths	Budget Vice Chairman
Robbie D. Robertson	Committee Member
Jim Brass	Committee Member
Krista K. Dunn	Committee Member

Others in Attendance:

Shannon Huff Jacobs	Council Executive Director
Daniel C. Snarr	Mayor
Don Whetzel	Director of Finance & Administration
Karma Bentson	Deputy Director of Finance
Doug Hill	Public Services Director
Gregg Poole	Consultant
Shaun Pigott	Associates, LLC Principal
Janie Richardson	Employee Association, Power
George Hamer	Fleet Management
Dan Barr	Library Director
Morris Haggerty	Library Board
Gary Healey	Murray Golf Pro
Mike Williams	Justice Court Administrator
Scott Stanger	Engineering
Dale Whittle	Director of Human Resources
David Frandsen	Public Services
Jackie Sadler	Justice Court
Marilyn Potter	Employee Association President
Mike Wagstaff	Mayor's Office
Danny Astill	Public Services
Trae Stokes	Public Services
Russ Kakala	Public Services
Anne Vonweller	Public Services
Andrea Romanczyk	Employee Association, Business Licensing

Budget Chairman Dredge called the meeting to order at 11:30 a.m. He expressed appreciation to those in attendance. Don Whetzel reviewed with the Budget Committee the

following:

Overview (Revenue/Expenditures - all funds (five year projections)).

REVENUES

Sales Tax was capped at the FY-05 level of \$12,415,000 due to the passage of Senate Bill 35. Mr. Whetzel said the budget estimate would have been \$13,900,000. The sales tax estimates have been kept that amount for fiscal years 2007, 2008 and 2009; the hope is that by fiscal year 2010 the City may have some relief from that cap amount.

General & Personal Property Tax is status quo. In balancing the budget, Mr. Whetzel took the normal revenue less the normal expenditures, and used the difference in the amount as what the Council would have to raise in property taxes to make up the lost revenue should it choose to do so.

Motor Vehicles is status quo.

Prior Years Taxes - This amount is always an estimate as to what that will come in.

Franchise Taxes - There are two items to discuss. (1) the bill on natural gas that the legislature passed. That increase was taken into consideration in doing their estimate for FY07. It is unpredictable, right now, Questar has had one requested decrease. That could change if another hurricane hits the Gulf Coast.

The second issue on that is **Energy Tax for the Power Department**. Mr. Whetzel gave s regarding in-lieu-of-tax (ILOT) transfers . He said prior to four years ago when they raised the electric rates 22 %, the Power fund was paying 9.5 % in tax transfers to the General Fund. That 9.5 % was included in their base rates when they went through and calculated what they needed for revenue that was included in expense. That was broken down into two segments, of that 9.5 %, 6 % was the amount to take care of the energy tax which Utah Power & Light is paying in the annexed area. The other 3.5 % was to take care of the property tax that a private company would pay. They went to the drastic increase in early 2002 and segregated out those two items so in the FY03 budget they put 2.5 % in the General Fund for in-lieu-of-tax transfers. They instituted a separate line item on the utility bill at 6 %. Murray Power is collecting franchise tax on the energy consumed by Murray power customers. That was 8.5 % between the two of them so this year Power General Manager, Gary Merrill, solved their problems with the General Fund losing revenue from sales tax and voluntarily increased tax transfers from 2.5 % to 3.5 %, bringing an additional \$300,000 for the General Fund. That brings it up to where they were before the total 9.5 % coming from the Power Fund.

In-lieu-of-tax transfers. Mr. Whetzel advised that in the proposed budget within the Storm Water Utility Fund they have an in-lieu-of-tax transfer for approximately \$100,000. They

have not put it into revenue in this particular projection because they did not know what the Council's decision was going to be on this. There are arguments to be made that the other enterprise funds - Water, Waste Water, Power are paying an in-lieu-of-tax transfer. In Water and Waste Water it is 8.3 % and the other is at 9.5 %. The Water and the Waste Water own their own infrastructure, so taxes on infrastructure would be valid. With the Storm Water Utility Fund, the infrastructure they are working on, is owned by the City - curb, gutter and storm drain lines that go all the way out to the Jordan River. So, there are pros and cons on both sides of it, so, he did not put it in the current revenue projection - they will leave it up to the Council as to how they want to handle it. Mr. Whetzel said It is about \$100,000 additional revenue that could go in the General Fund, if they choose to go that route. Mr. Whetzel said regarding fees for service, the last number he saw was \$3.55 average per residential unit, that would drop the amount from \$3.55 down to probably \$3.25 saving about 30¢ a month for the average residential user.

Licenses & Permits - will be reviewed later on.

Intergovernmental Revenues - Mr. Whetzel advised that most of that is the Class "C" Road Funds, by 1.4 % a year in transfers from the Federal Government, Homeland Security Grants, etc. Everything else is status quo.

Charges for Services is status quo.

Fines & Assessments - status quo.

Interest (at 5%) Mr. Whetzel advised that this amount has been increased because they just made an investment this week with Zions Bank on some other notes at 5.2 % so they are figuring approximately 5% return on investment in this coming year.

Sale of Assets Mr. Whetzel said this is the money the City gets from the sale of the Sports Mall at \$323,000 per year, and that will end in 2017 when the debt is paid off.

Miscellaneous Revenues - Mr. Whetzel said a Fund Balance contribution is included in the FY07; we have \$120,000 right now that consists of \$70,000 for a SWAT vehicle that a local car dealer donated. The SWAT vehicle but won't be delivered until this fall, so they pulled that forward in the next year. The other \$50,000 is for the Big Cottonwood Bridge which is a joint venture between Salt Lake County, Salt Lake City and UDOT and it took a little longer to get that put together than we expected. So they are bringing forward \$50,000 of Class "C" monies in the next year's budget.

Fund Balance Contribution (+ \$1,500,000) - A memo from the Mayor was sent out late last week indicating that the sales tax revenue and franchise tax revenue for the current fiscal year was above projections. Mr. Whetzel said it is approximately \$1 million and the Mayor has recommended that this revenue be used for a one time expenditure. It would be Mr. Whetzel's opinion and suggestion that they increase the budget to \$1.5 million, that way they can pay for

construction of the new Fire Station 82 with cash, and not bond for it. They had \$1.5 million in anticipated bonding in this budget, so it will save \$150,000 in future years in debt service.

Lease/Purchase or Bond Rev. Mr. Whetzel said the \$1.5 million bonding proposed in the Mayor's Tentative Budget could go away depending on what the Council decides. In FY09 they have projected \$1 million for Lease/Purchase. He noted that it is an estimate as to when they will buy a new ladder truck. The Fire Department request this year was \$1 million to purchase a ladder truck. They did not feel they could do it because they felt the more important items were Station 81, 82 and 83, and to buy land for those two station and to rebuild Station 82.

UTOPIA Reserve Fund Balance Mr. Whetzel said the payment is due on July 1, 2007, and will be included in the FY08 budget. Since July 1, 2007 falls on a Sunday, Mr. Whetzel said he emailed the City Attorney indicating that they would take that out of the FY08 budget and hand carry a check to the Zions Bank Trustee on Monday.

FY-07 Property Tax Increase Mr. Whetzel said he is not certain what action the Council will take regarding a property tax increase. He thought and estimated number should be included in FY08 projections to indicate that some revenue will be budgeted for future years.

Mr. Whetzel called for questions on any of the revenue items presented.

Ms. Griffiths asked about **Line Item 7 - Licenses & Permits (IHC & Fire)**

Mr. Whetzel said that is in case there will be permits left for IHC, and the Fireclay area development may have some building permits coming up. Those numbers are very nebulous but will definitely drop off from the last two prior years because IHC is pretty well built.

EXPENDITURES

Salaries & Wages 3.5 % FY-07. Mr. Whetzel said they have budgeted for years beyond FY07 at 3.6% . The newest numbers they have from The National CPI indicate that is right on the national norm. The proposed 3.5% includes the COLA and the merits - the COLA at 2%, the average merit is at 4%. The actual cost of the merit system to the City is, as far as a percentage of the overall budget is 1.5%, so, 3.5% fits right into their estimates from prior years for future use.

Group Insurance Mr. Whetzel said group insurance has gone up 20.8% this year. So the Council will be aware of how they have split this cost out, Mr. Whetzel said in FY06 they averaged the cost of PEHP and Advantage Care plan costs and divided the cost 85% to the City and 15 % to the employees. When they prepared the FY07 budget they took the same two plans PEHP and Advantage Care and averaged those and put the City's portion at 80 % only. As far as employee costs are concerned, Mr. Whittle, Human Resource Director, did something different. In order to keep a fixed percentage between the three plans we have, PEHP, Advantage Care and Summit. They took the amount that the employees were paying in the current fiscal year and

added the fixed amount to it. This amount is \$10.00 for single, \$15.00 for a two party plan, and \$22.00 for family coverage, so that the employees are not paying a pure 80/20 split they are paying a fixed amount plus what they were paying last year. The reason for that is to keep the increments in between the different plans. The information they got from PEHP that they should have a 50% or 60 % difference in the employee premium between PEHP and Advantage Care and a similar amount between Advantage Care and the Summit Plan. They were able to maintain that. In the original plan the HR Director came up with 10, 15 & 20 split but Mr. Whetzel told him the 20% did not quite make the amount of money they needed to meet their budget. The \$22.00 is the amount of money they would have to collect to from the employees.

Mayor Snarr said this is the most affordable and the least costly to the employees. They were going to do a 20/80 split that would have sent the employees looking for the least expensive plan (Summit Care). In reality, if everyone went on Summit Care they would have to readjust the rates and pay more money out of that. He thanked those who worked on this plan; he feels it is the most reasonable way to address the escalating health care costs.

Ms. Griffiths said it is nice to have choices in health care providers.

Retirement - There was a larger increase in retirements this year of 5.8 %. That was primarily in the Public Safety area. Police officers can retire in their early fifties. Every 23 years of service their salaries will not get lower. The Fire Department age of retiring with 26 years of service, at about the same age, but a lot more because of the structure of the Fire Department with paramedics, who are more expensive, the captains and assistant chiefs. You don't have the large structure within the police department that you have in the Fire Department. Both averaged about 22.5 % versus about 13 % for regular employees. Hopefully with the market being good so far the first four months of the year that will not be an issue next year.

Workmen's Comp Rates went up 20 %. That is not a lot of money (\$40,000) in real terms but those things occur that is medically related and those costs go up.

Social Security is the same.

Subtotal of Labor costs - Mr. Whetzel noted that the labor costs for last year was 71.2 % of budget. This year they do not have an increase in property tax, so it will be 74.3 %. If they have the recommended project increases the Mayor has proposed, it will drop down to not quite 71 %. The outlying years continue to increase 73%, 75% and up to 76 % the last five years of this projection. Mr. Whetzel said the worst thing it is going to come from, overall, is from labor costs in City government. The rest of the costs are relatively small related to labor costs

Road Construction - Mr. Whetzel said the Mayor said he wanted \$ million a year going to road construction to keep the infrastructure solid.

Park Equipment & Improvements - Mr. Whetzel said in 1996 the garage that housed all

of the parks vehicles and mowing equipment burned down. That same year the City purchased all new equipment, they are all 1996 models. In ten years they are starting to wear out the Budget shows a large increase from last year because they put \$2,000 in equipment improvements for the park. They are recommending \$320,000 this year and it will level out at about \$130,000 a year as they replace those vehicles.

MIS Equipment - Mr. Whetzel noted that amount has gone down a little, but it will vary from year to year depending on whether we are upgrading the I Series system or the number of servers that have to be replaced.

Fire Station 82 Replacement - Mr. Whetzel said the cost is roughly \$2.1 million for the land acquisition and the replacement of the station further east so they can better serve the southeast side of the City.

Fire Station Debt Service - Mr. Whetzel said this amount will come out of the budget if the Council decides to use the \$1.5 million in Fund Balance to fund the construction of the station.

UTOPIA Debt Service Reserve - Mr. Whetzel said the required \$1,235,000 will be included in FY08, as previously discussed.

Total expenditures - Mr. Whetzel pointed out that the budget expenditures total almost \$35 million.

Revenue Surplus (Shortage) - Mr. Whetzel advised that the revenue shortage in FY07 is \$1,660,000. What they will do with this particular set up [with an anticipated property tax increase] is that will last for four years. The City will not have to raise property taxes based upon this projection for four years. Mr. Whetzel pointed out that in FY08 they anticipate having a \$540,000 surplus. That surplus is to be applied to the fund balance for 2009. That will wipe out that one and part of the balance with the \$1.1 million Fund Balance contribution FY10. That will drop that down to about \$800,000 which will be a manageable amount with their fund balance at that particular point in time. Again, this will last for about (4) years based upon current rates of inflation. They have been using 10 % increment on the medical insurance which is the most volatile. They went back and looked at national numbers and the increase over the last 4-5 years on a national basis is 11 %; 10% in the Intermountain Area where we are would probably be a reasonable amount.

Mr. Whetzel called for questions on the expenditure side of the General Fund for the coming four years.

Ms. Griffiths asked about line the dollar figures shown for land for Fire Station 83 (\$500,000) and Fire Station 82 replacement (\$2,070,000).

Mr. Whetzel said the Fire Chief got those numbers after some research they had him do. Chief Rodriguez went out and looked at some land - they have a couple of parcels in mind. He also talked with some of the other Fire Chiefs who have built stations recently and \$1.5 million seemed to be the number based upon contracts completed in the last 2 or 3 years. Construction costs are going up dramatically so that number may not be adequate but it is a number they felt was reasonable under the circumstances. If the Council approves this particular project then they will bring an architect on board in July and then go through a bid process to get the best price to build that station.

The Mayor explained that Station 82 is on 5900 South and Station 83 is on Vine Street. Station 82 is the one they leased the property from IHC for a dollar a year.

Ms. Dunn asked the Mayor why he didn't fund the request this year and if it was because he wasn't quite ready.

The Mayor said he will come in next year with the hard numbers. They will have to send out an RFP and Murray will have to respond to their own RFP saying Murray can be the best service provider for transport. He wants to see what impact Southwest Ambulance Service is having in Salt Lake City.

Chairman Dredge asked if it would be safe to say that a million dollars of the proposed budget, the shortfall, is related to the difference between the funding of \$1.5 million and the \$2.5 million that it is going to cost.

Mr. Whetzel said part of the money is going into roads, they could balance the budget this year by taking the roads out of the picture, and the land for the fire station .

Chairman Dredge said in talking with people, it is easy to say the Legislature took money away from us but in terms of talking points, \$1 million of the budget shortfall was created by the 2006 Legislature.

Mr. Whetzel said the Legislature took \$1.5 million of our budget for next year which would have been \$13.9 million in sales tax versus \$12.4 million.

Mayor Snarr said they may have picked up another \$1,500,000 from IHC, as far as additional sales tax revenue; what he can see on the horizon, including the Fashion Place Mall expansion, he expects the City to pick up additional sales tax revenue.

Mr. Whetzel said if SB35 had not passed we would have balanced the budget without a property tax increase for several years to come. It is essential that we serve our residents on the southeast corner with proper fire service.

The Mayor of Cottonwood Heights and others are calling Mayor Snarr requesting that

Murray pay for the fire service they provide to the area, and they are very persistent. The Mayor said he finds that disappointing because he wants to be their friends, but for them to believe that Murray should be paying them the money in spite of the fact that Murray is providing fire service to both Taylorsville and unincorporated Salt Lake County.

Ms. Dunn said they are getting hit with the costs from Unified Fire, and noted that there have been interlocal agreements in place for decades.

Mayor Snarr said the City's road conditions are critical; after eight years in office, he has realized that if you let the roads go then it costs triple to repair them.

Mr. Whetzel expressed how well the employees have done as far as looking into the future and saying what kind of a revenue stream we need to take care of Murray's sewer, water, power and now the storm drains and the garbage. The garbage collection costs have been taken out of the General Fund and the citizens are picking up the cost; no city provides garbage pick up for less than Murray City and they are addressing the environment through the recycling program. Murray City has stepped up in areas of challenge, and in the end it will save a lot more money.

Chairman Dredge clarified that the Mayor is saying with the additional percentage the Power Department is going to give to the General Fund in-lieu-of-tax transfer puts them equal to what they were paying in the past.

Finance Director Whetzel said if he puts 6 % on the energy tax and 3.5 % on the in-lieu-of-tax transfer increase is the 9.5 % they were paying prior to 2002.

Mayor Snarr said our energy prices are right in there and after UP&L publishes their rate increase Murray will look good.

OTHER FUNDS

Library Fund - Mr. Whetzel said there are no changes in this budget; the \$1.6 million in property tax revenue cover expenses, and they also increased the fund balance by \$50,000. They need to get the cash reserves of the Library up so they can be on their own and not have to borrow in the October/November time frame when they are out of cash. Mr. Whetzel said the Library is status quo.

Municipal Building Authority - Mr. Whetzel advised that this budget is strictly rental income and debt service.

Water Fund - Mr. Whetzel noted this did drop down due largely to reduced impact fees which had previously paid by IHC.. Some impact fees are now coming in, and they are putting those dollars in reserves to be used for future major capital projects.

Waste Water Fund - Mr. Whetzel said revenues are status quo. As far as sewer charges are concerned they have additional costs at Central Valley. The debt service at Central Valley is about \$220,000 a year, and they are doing some additional construction projects for about \$200,000. Cash reserves went up about \$14,000. Waste water has nearly spent all that they had.

Power Fund - Mr. Whetzel said the major revenues within this budget is cash and bonds. There is roughly \$4 million left in the trust fund from bonds. That will be spent for the transformers that have been ordered and are due to deliver this November. The cash reserves are from the sale of the SO₂, which was sold last year. The major expenditures are cost of power and actual purchased power (over \$17 million).

Parkway Recreation Fund - In terms of revenue, they had at one-time \$500,000 contribution to the General Fund to eliminate the debt, so this fund is on a positive cash basis now. Major items for next year are planting and equipment. They are buying mowers and also replacing the cart fleet in January 2007. They will do that as they did the last time, on a five-year lease/purchase that will cost about \$35,000 a year to pay off the lease.

Solid Waste Management Fund - BFI - Mr. Whetzel said there is a 2 % increase this year which is a normal increase.

Storm Water Utility - There is anticipated revenue from storm water and impact fees. Expenses are for the purchase of two brooms to sweep the streets. The current brooms are very old and are in need of replacement.

Ms. Dunn asked what the residential costs of the storm water drainage. Mr. Whetzel said the last estimate they had was \$3.25. That is still being discussed with the storm water consultant. The IHC project and the Fashion Place Mall would pay a lot more than that. The School District is running about 50,000-\$60,000 per year.

Central Garage - Status quo. No changes

Economic Development - Mr. Whetzel said the City allocated funds to Cameo School of Beauty in March, 2006, and are allocating afunds Hamlet Homes for Iverness Square. There will be about \$20,000 left in that fund. There are no current requests for funds this year.

Redevelopment Agency - Mr. Whetzel informed the Committee that they delayed taking back those funds and brought back the increment. \$790,000 revenue is budgeted. \$126,000 is budgeted for improvements, and \$175,000 is budgeted for the Murray School District.

Community Development Block Grants (CDBG) - That budget was approved.

Cemetery Perpetual Care - This account is status quo. They defrayed a very small portion of the O&M costs on the cemetery.

Chairman Dredge recessed the meeting at 12:15 p.m.

Chairman Dredge reconvened the meeting at 1:00 p.m.

Chairman Dredge opened the meeting and welcomed those in attendance.

Employees Association (MCEA) - Janie Richardson represents the Murray City Employee Association (MCEA) and works in the Power Department. She introduced Marilyn Potter, President, and others representing the Employees Association.

Ms. Richardson said there were a couple of items in the Mayor's budget that they would like to ask the Council to reconsider:

In the proposed budget the **Redline Bonus** is reduced from \$600.00 to \$200.00. Ms. Richardson said this is something that is really appreciated redlined employees, who are generally the tenured employees not eligible for merit increases. The dollar savings resulting from this reduction does not appear to be that great of a number, and in the belief of the MCEA, it is not a large savings to the General Fund, and would be a blow to morale of the redline employees. She said they are asking that the redline bonus of \$600.00 be left in place.

Bereavement Leave - It has been brought to the Employee Association's attention by several employees who have had family members pass away, that the time it requires to plan funeral services exceeds the three day bereavement leave we currently have for (parents and parents-in-law). The MCEA would like the Council to consider adding those family members to the five (5) day bereavement leave policy. The three day bereavement leave should remain for some extended family members as outlined in Murray City Policy.

Chairman Dredge stated his belief that all Councils come and Mayors come and go, but one of the biggest assets Murray has is its employees and he thinks he speaks on behalf of all Council Members in that regard.

Justice Court - Ms. Jacobs expressed, at the request of Judge Ferrero, his regrets for not being able to attend this meeting, as he is in St. George attending judges' training sessions. Chairman Dredge welcomed Mike Williams, Court Administrator, to present the budget.

Mr. Williams noted that Temporary Employees went from \$4,500 last year to \$28,700 this year. The purpose of that is to hire a night court judge, who will be a temporary employee, and also a bailiff who would be a temporary employee to handle night court, day court or any other needs they have initiated for the City.

Mr Williams said the travel budget increased from \$3,000 to \$10,000. The reason is due to required training for judges, administrators and court clerks, as well as domestic violence training.

The Court Administrator is quite new and needs sufficient training.

Mr. Whetzel said the training budget increased from \$3,500 to \$20,000. He said some line items have increased dramatically, and if there are any questions he will try to answer those.

Ms. Dunn said Judge Ferrero has come to the Council several times about holding night court. Her question remains the same as it has always been, if we increase cases, what does it do to our prosecution.

Court Administrator Williams said the plan he has will not impact the prosecution, as it consists of rescheduling to include night court. He has been visiting other courts to observe their practices. He found that small claims court cases are getting judgments against them by default because the defendant cannot get off work to appear. They could appear voluntarily if we provided a night court, and state why they did not take care of the warrant and what are they going to do to clear it. Mr. Williams said there is not going to be any sentencing involved, and no evidentiary processes involved. Right now the court is scheduling all the way out to September. Mr. Williams said Judge Gibbons has expressed the desire to sit on the bench for \$175.00 when Judge Ferrero is not available. Mr. Williams said at \$175.00 per session it would cost \$8,400 for just judges. Then with the bailiff it would add another \$1,800 so you would be looking at \$10,200 increase. Talking to the judges again, instead of having a dedicated guide they would come in like they would on a day Judge Ferrero was not available.

Chairman Dredge asked if they are not going to have any administrative or clerical staff requirements.

The Court Administrator said the clerks have already decided that they would be willing to move their hours from their 8:00 a.m.- 5:00 p.m. or 12:00 noon to 9:00 p.m or 11:00 p.m. to 8:00 a.m. He will have adequate court coverage. The only thing he needed was to have an armed bailiff at the court for warrants and transportation but they are not going to do transports so it will strictly be those people coming in taking care of the issue.

Mayor Snarr said it is an injustice to those who need to come into court because we are pushing them out to September.

Mr. Williams advised that half of the people coming in are there for reviews, for which a prosecutor is not needed for those types of cases. Night court would allow booking more evidentiary cases or criminal cases on the day time schedule. He noted that if IHC opens up and they start doing small claims, it will increase the cases again.

The Court Administrator said on night court we could do pleadings just on traffic cases.

Ms. Dunn said something she brings up every year is Murray's policy on traffic. She said she knows this affects both the Justice Court, the Police Department, and the Prosecutor's office.

She noted that three years ago we moved two patrol officers to traffic, and every year the Police Department comes back and asks for more patrol officers. She asked why not move these people back into patrol and shorten up the cases in Justice Court.

Ms. Dunn said she is getting no fewer calls since they put the officers on patrol into traffic. She gets the same number of calls all the time, they have never let up since we put two people into traffic from patrol. Our patrol officers are supposed to be giving traffic citations, as well.

The Mayor said there are still people calling in certain areas of the City saying we are not doing enough to curb speeders in the neighborhoods.

Ms. Dunn said she thinks they could put ten traffic officers out there and the Council would still get the same number of calls.

Mr. Brass said that may be the issue, as all Council Members get the calls. He does not know that the traffic officers are in the areas. The calls are coming from the major thoroughfares, like Vine Street, 5300 South, and State Street.

Mayor Snarr said he talked with the Police Chief and they tried to analyze where they have resources. He received a call saying, "you finally got this area policed." Policing is a personal philosophy of safety. He said Murray is not trying to make money off the Justice Court. It is a matter of where you draw the line as far as doing what you can to make sure that you have good traffic enforcement.

Mr. Williams, advised that they have a Court Clerk III who has hearing experience and is very under-used at this time. Cases she should see, she doesn't see because of the dynamics at the court. The court administrator re-wrote her job description as a hearing officer not as a clerk where she had other tasks. He said she is now strictly a hearing officer. They are working on a secure work area where she can sit and converse with those people and then they can increase her caseload, so instead of doing 15 cases a day she can do 30-35 a day. She will need to update her training. He plans on setting up a substance abuse program.

Mayor Snarr said this will all aid in freeing up the bench for other cases.

Ms. Dunn said that is the best thing they can do is to branch out in those areas.

Mr. Williams spoke of additional training in defense and prosecution, noting that, unfortunately there are not a lot of grants out there to cover that. He distributed a handout that explained in more in detail the reason for the training, or the kind of training that it will require.

Ms. Griffiths said she sees a lot of value in cross training she said if the clerk agrees to perform the duties of a hearing officer what credentials are required.

Mr. Williams said this person has done this work before - it is a quasi-judicial position and does not require a degree. There is nothing really special other than she has to know the traffic laws. They are currently working on that part of her training, she will be sitting in on hearings that are being held at Salt Lake City Justice Court where they have four hearing officers.

Their priority is on traffic/patrol and to reduce the number of cases in the court. Night court and rescheduling staff will allow them to distribute the caseload better and allow day workers the opportunity to make a court appearance after 5:00 p.m.

Mr. Brass said traffic officers are not in the areas from which the Council Members are getting calls, like Vine Street, State Street and 5300 South.

Mayor Snarr said Mr. Williams has brought a lot of efficiency to the court.

PUBLIC SERVICES

Storm Water Committee Report - Doug Hill explained the process they went through to make the recommendations to the Mayor for the Storm Water Utility. Since it is a new utility they felt like they needed to spend some time on this so the Council is familiar with the process.

Mr. Hill said this was a big issue when they came to the Council January and said they were going to be treating the storm water. They got the information out to the general public in the form of a press release so it was picked up and published in the Murray Journal; they also sent out invitations to 35 businesses who are most impacted by the utility and invited them to participate as a member of the committee. Eight of the businesses participated (six participated and two wanted to be kept informed through e-mails).

Generally speaking, Mr. Hill said, he could represent that the committee understood the City's need - they didn't like it and certainly didn't want to pay any more money if they didn't have to, but they understood why the City has a need to create a utility. They understood the need for another source of revenue. They listened to them, they incorporated their comments, they tried to be sympathetic to their issues. The biggest issue that came out of this committee, which was also represented in comments from Scott Baker of Murray Chamber of Commerce was really about timing (effective July 1, 2006).

Mr. Hill introduced Shaun Pigott who was hired by the City as their consultant. Mr. Pigott he has done storm water utilities in Utah as well as throughout the United States. Also introduced was Gregg Poole who is with a local firm Hansen, Allen & Luce, and is experienced and knowledgeable and has worked with Murray on a lot of water and sewer issues in the past. Mr. Poole did the master plan for them in 2002. Mr. Pigott and Mr. Poole will identify system needs and alternative funding approaches, what other communities are doing and explore other conclusions for recommendations.

Mr. Pigott said basically there is a system that is over capacity where entities are unable to undertake very few water quality activities; for instance, the 1990 flood was primarily driven by flood control.

Mr. Pigott advised that storm water is not an even deal - half is water quantity and half water quality and that is the genesis of the regulations they are trying to deal with.

He noted that Murray City has a 2002 vintage capital improvement program. Some of the projects Murray has been able to undertake by allocating resources from other areas, as is the case with most cities who have not established a funding source for storm water. Master plans simply do not address funding, and as a result, they have real propensity to sit on shelves.

Mr. Piggott noted that engineering assessment is Gregg Poole's area of expertise. The 2002 Master Plan identified about \$7.9 million in needed improvements. Murray has a population of 47,000 which places Murray squarely within NPDES base II requirements, NPDES meaning - *National Pollution Discharge of Elimination System*. Those regulations have historically applied to sanitary sewer. They have been expanded to include storm water quality. The whole issue of water quality is now both sanitary, sewer and storm water related.

Mr. Poole said there are about 12.3 square miles of service area in Murray City, including the newly annexed area.. The wide variation is topography and development density and the existence of system and existence of system that can actually handle existing flows.

He said the modeling of Murray's storm water system shows that it is essentially overloaded in most areas and as a result there will be more problems with small storms. That is the basic assessment of the engineers.

The report showed there is a level of service criteria existing for a 10-year storm event. That is the road over topping and some minor basement flooding. Cities should be building flood protection for a 110-year storm event. The deficiencies are identified by past complaints and flooding information, and gauging storm runoff flow projections versus existing capacities.

Mr. Pigott gave a storm water capital improvement project summary of project type and cost: collection system, \$1.53 million; conveyance system \$2.7 million.; and, replacement of aging infrastructure which is a significant issue in Murray City \$3.67 million for a total of \$7.9 million.

Mr. Pigott gave a sample of needed capital projects, and said the point is there is a significant pending investment out there and so the question is how are you going to generate the resources.

Mr. Pigott said over and above capital improvement programs, they looked very closely at maintenance requirements for Murray City. Working with public services staff, they tried to

identify key categories of storm water maintenance and how much is there to be maintained, and developing reasonable performance standards and reasonable frequencies for each of these activities. Then looking at labor requirements and equipment to come up with they feel is fairly accurate estimate of maintenance costs out there. The level of service represented is preventative.

Mr. Pigott noted that one of the key assumptions is cities will pay for this elaborate modeling of their storm water system but all those models are based on the assumption that the existing system is being maintained to operate to design capacity. That is simply not a fair assumption in any community and that is the case in Murray City right now.

Mr. Pigott illustrated some of the things that go into maintenance, street sweeping (Murray has 848 lane miles). Last year Murray was able to do about 290 tons of debris removal. In terms of water quality there is probably no single activity that is more beneficial to storm water quality discharges than street sweeping - picking up sediments that have pollutants, and it is just an excellent process.

Mr. Pigott said catch basins trap sediments that also contain pollutants, so if you can get them out of the storm conveyance system before they get to the receiving waters you are so much better off and so much more in compliance with NPDES regulations. That equipment, a brand new one on a chassis, will cost \$240,000 - \$270,000.

Line Activity is a significant requirement, if in fact the system is going to operate when you need it the most, and open systems (ditch cleaning) is very important to storm water quality as well as obviously the ability to water our city.

Mr. Pigott advised that the National Pollutant Discharge Elimination System (NPDES) is part of the Clean Water Act is not as anonymous as you might think, it basically requires some very common sense approaches It requires that Murray City develop, implement and enforce a storm water management program; provide public education; illicit discharge elimination; construction site runoff control; post-construction runoff control; and, pollution prevention.

Mr. Pigott commented that Murray City has a good fix on its storm water system inventory and where the outflows are.

Mr. Pigott said the program outlined for Murray City is not to just focus on NPDES compliance but do the overall program, to be able to demonstrate compliance. He said they did not want to create a disposable program element just to meet NPDES requirements.

Initial directions were established on the second meeting of the committee. The committee was convinced that a storm water program is really needed and are now talking about *when*, not *if*. The committee review found that the City has tried to address a full-time need with a part-time funding source . They found that the City has not had the resources to address it as a full time need., basically, allocating money from available funds to deal with it as a band aid.

The Committee noted that the City has to be able to consistently maintain what is already there, and there was some discussion that they are not certain how comfortable they are in entertaining an aggressive capital improvement program until they can demonstrate the ability to maintain the systems that are already in place.

Recognizing that NPDES phase II is an unfunded mandate, Mr. Pigott said it is something that can effectively be incorporated into what the program should look like in Murray City.

The committee felt that an ongoing funding source through a service charge structure was reasonable, stressing the ongoing nature of it; without ongoing funding you are unable to make the needed changes. A funding program has to have a provision for credits for people who have already made investments in on site facilities that effectively reduce the downstream cost to the City, both quantity and quality. The initial program should be oriented towards system maintenance, regulatory compliance public information and capital improvements.

Mr. Pigott said the committee talked about not being able to make up all the deferred capital construction at \$7.9 million over night; a stepwise approach is needed, and these are the initial priorities that the committee felt were appropriate:

The service charge structure - The structure for storm water utilities are based on service impervious, that is the designated allocator. He said he is not here to tell the Council that they have flow meters for storm water runoff from every property. What they are trying to come up, in a storm water utility, is a reasonable basis for allocating the cost and that basis has historically been in impervious surface coverage which is roof lines, etc. The committee felt that was okay and they could move forward with a rate basis on impervious surface area.

The single family residence - Mr. Pigott said because there isn't a great variation between a small and a large, in the main, could be treated as a uniform rate. What they would be referencing is one Equivalent Residential Unit, (ERU) or one ERU. Everybody else is what they determined non-single family or commercial would be measured on a parcel specific basis. Their rate would be unique to each parcel. All developed parcels are part of the funding.

This is a service charge, not a tax, as such, because everybody is contributing, churches, schools your own property - everybody is included in the rate base.

Commercial Customers - The charge is based on measured impervious surface. They determined that the equivalent residential value, the average amount of impervious surface on a single family home, within Murray City, was 3,400 square feet. The math was very simple the numerator is the measured impervious area. The denominator is equivalent residential value, 3,400 square feet and that generates the number of ERUs attributable to that property.

The committee felt this was fair, understandable easy to administer and; as such, was an appropriate structure.

Mr. Pigott distributed a map showing residential sample areas done with the help of GIS personnel. They actually conducted the residential sample, then identified a sequential sampling technique where they identify specific areas throughout Murray City, identified blocks in which there were single family residences and those were all measured and the result was that 3,400 square feet of impervious surface.

Doing the math on rates for commercial properties they picked a mini mart as an example. The gross parcel size was 3/4 of an acre or 32, 670 feet. The measurement concluded that the impervious area was 26,136 square feet, over that 3,400 square foot factor, results in 7.69 ERUs, times the rate of \$3.55 which results in a monthly service charge for that mini mart of \$27.29.

Credit Structure - The committee felt a credit structure should be made available to commercial, non-single family residential customers because it was facility-related, opening it up to single family residential who typically do not have on-site facilities would be unnecessary. They wanted to reserve the credit for those that exceed the city storm water development standards and/or increase the City's downstream costs by providing on site either capacity or water quality treatment. The maximum allowable was 45 %. The 45 % is related to the variable portions of the budget, things that are directly related to flow. This is not an exact science but a reasonable estimate of how much a budget would be, fixed versus variable.

Credit Applications could be applied for by the customer. They will have to make application to the City and that application package was developed and reviewed by the committee. The City would retain the right upon reasonable notice to inspect the operation and maintenance of the facility that is getting the credit.

Inspection - The City will be certain that if they are giving them a break, on the rate that they can be sure that the facilities continues to operate and is maintained properly.

Mr. Pigott said they worked with other cities trying to create a credit amount that would really create an incentive to restructure facilities. The rate incentive can move you to do it for the right reasons but it will not move an individual to the point of return on investment it is simply an appropriate incentive to do that.

Photos of the impervious surfaces was included in the presentation, as examples.

Mr. Hill thanked staff members who spent a lot of time on this and Trae Stokes, Civil Engineer, who took the lead.

Estimates of Program Costs and Revenues in the Murray City Council Project Briefing.

Summary - The measurements are very accurate. Revenue projections \$1,223,400 - Rate requirement is \$3.55 monthly.

Cost Projections are consistent with the budgeting approach, personal services, materials and supplies and services, capital outlay and transfers. The total budget \$1,223,400. They feel that is a reasonable point of entry for Murray City Storm Water Program.

Revenue Projections - Impact Fees they estimate will generate about \$20,000, plan review fees as an offset, maybe, \$1,500, those can be altered to better reflect the direct costs to the City for providing those services but in any event that leaves a rate revenue requirement of \$1,201,900. That is what really drives the rate as you see down there.

The ERU projections in residential is \$10,448 that is the number of single family residential accounts in the billing system right now. The commercial/industrial is the result of the GIS work that was shown earlier. It identified 19,742 ERUs

They do expect some shrinkage due to credits but that is legitimate in producing costs on \$1,974, which leaves billable ERUs at \$28,216 against that rate revenue requirement results in the monthly rate per ERU of \$3.55 so a single family home in Murray City would pay \$3.55, commercial properties would pay a multiple of that based on their impervious surface coverage.

He provided monthly service charges from other Wasatch Front Communities of monthly service charges, Salt Lake City is at \$3.00 (per ERU), Orem is \$4.50, Taylorsville is also considering the storm water utility, it would be their first utility. They are not in the utility business

Mr. Pigott said this is very cutting-edge and the front of public finance. Now it is more generally accepted and typically incorporated in a lot of municipalities. The credit allowance is a little more variable. Salt Lake is a more variable, up to 70 %, primarily put in because of the University of Utah. Centerville doesn't allow any credits. The 45 % that Murray is considering is within the range and also a fairly accurate representation of the good someone can do on site for the storm water purposes of the City.

Mr. Pigott said the Committee's bottom line was: continuing the status quo costs too much .. lost opportunities and the opportunities primarily being some potential areas were set aside, more in a natural condition so we did not have to build infrastructure for storm water management. They could better utilize existing natural systems for the same purpose. The capital cost escalation is going through the roof lately. The existing system, simply, cannot be maintained at preventative levels of service, and you have the NPDES compliance. The NPDES compliance since the year 2000 is not just the Federal and State. The biggest problem is third party litigation and that can really create problems for cities in terms of court costs and alike.

Mr. Pigott said no one on the committee *wanted* this but they did recognize the *need* for it and to him that is successful as far as communicating to the committee the need and the fact that

funding sources appear to meet the need.

The Committee felt good about recommending to the Council that the utility ordinance be drafted and the approach they are proposing to the Council is as fair as they can make it. Gregg Poole agreed with them and to make the service charge credit available.

Impact Fees for Storm Water - The current storm water impact fee has been in place for about 30 years he recommended that they be made consistent; in other words, if we are using the ERU concept on the service charge we should use the ERU concept on the impact fees.

Growth Projection - It is recommended that they look at ERU growth projections through the twenty year planing period. Right now they are at about 30,190 ERUs, total. If you look at that through 2026 we are going to see growth in ERU's of about 7,016. Whatever capital improvements show as growth related would be benefitting that number of ERUs.

Capital Projects were identified in the Master Plan and reviewed by staff and Gregg Poole. They identified these projects, knew the costs and then made an engineering judgment as to how much of those projects were going to go to basically fix existing problems versus how much will be added in capacity to the system to accommodate growth for future customers. That would be impact fee eligible. The key being that the \$1.639 million represents what they feel is a reasonable allocation in capital facility costs that can be allocated to growth.

They put it all together to set the Impact Fee:

- **Inputs** - Planning projections, evaluation of existing system capacity, future service demand based on projected development, and list of capital improvements with cost estimates.
- **Allocation** - Costs solely due to the need for additional capacity to serve new users; portion of capital costs for improvements reasonably shared by existing and future users.
- **Calculation** - Numerator is the total cost of planned capacity-increasing projects: \$1,639,820. Denominator is projected new and redevelopment - impervious coverage: 7,016 ERUs.
- **Improvement Fee** cost per ERU \$234.

A single family for an improvement impact fee for storm water would pay \$234.00. A commercial new development would pay a multiple of that based on ERUs in the property. That approach is much simpler, much easier to understand and certainly consistent with the Utah Impact Fees Act.

Mr. Hill thanked Mr. Pigott and Mr. Poole for their presentation.

Mr. Hill said they are working with the City Attorney's office to develop an ordinance which

has to come before the Council before it can be implemented. The Attorney's office does have a draft ordinance in place and they will forward some of this information.

Mr. Hill said the on-going public education is extremely important. They do recognize that they are not reaching everybody and the first time they see this on their bill it will still be a shock.

Mr. Hill opened the presentation to questions.

Mr. Brass inquired about the charge to in-home businesses.

Mr. Hill said it is based on ERUs based impervious surface

Ms. Griffiths said the business community has expressed a desire to delay the implementation.

Mr. Hill said if the utility is delayed until January 1, 2007 there are some advantages from a business perspective in they have to stay within budget. There is more time to educate them. There are a couple of major projects that have been delayed and are on the verge of becoming a crisis, The Hillcrest storm line was delayed a couple of years, there are projects out there that depending on a good rain storm could create a crisis.

Mr. Hill said if the policy was to wait until January 2007, they probably would not start any capital projects until July of this year.

Ms. Griffiths said the detrimental effect of waiting perhaps on these businesses would be more costly to them.

Ms. Dunn said, in terms of big businesses, there are approximately 35 fairly large ones, and asked which is the biggest one.

Mr. Hill said the Murray School District's will be approximately \$150.00 to \$200.00 per month for each of the elementary schools.

Ms. Dunn said these fees are just a drop in the bucket for the larger businesses. She feels that it is the residential customers who will feel it the worst.

Mr. Hill said spending \$500,000 a year in capital improvements, is not a lot of money and will only do a couple of large businesses a year. He thinks it is a reasonable capital project request. Another thing they put in was \$50,000 for curb and gutter replacement projects. This will give the City resources to go out on our streets and replace curb and gutter.

Chairman Dredge asked if they had planned money in their budget plan for special improvement districts.

Mr. Hill said right now the way they would handle special improvement districts would be that it would come out of that \$500,000 and they would be reimbursed for that back over a ten year period of time. He said if you wanted to put more money in there to go beyond that because a special improvement district has to be funded up front.

Chairman Dredge said he has talked with more people who are interested in special improvement districts for curb and gutter and sidewalk.

Mr. Whetzel pointed out that a special improvement district is a function of the General Fund.

Shaun Pigott expressed compliments to the City departments who have participated in this planning on the financial side, the public services side, and GIS.

Chairman Dredge recessed the meeting at 1:45 p.m. and reconvened at 1:55 p.m.

Chairman Dredge excused Mr. Robertson who had another Council responsibility to take care of for a short period of time.

Building Inspection Mr. Whetzel advised that Temporary Employees cost has gone up by \$25,000, as they had to put on a temporary plan examiner for building inspections. That will be needed for the IHC build out; once the Intermountain Medical Center is completed, theoretically a year from this November, then that may go away depending on what happens with the development at Fireclay.

Mr. Whetzel said under Small Equipment \$1,600 is for a new computer.

Mr. Whetzel said there is \$40,000 for a repair and demolition fund. Basically it would be type of inspection they have and payments of hazard areas, they put \$40,000 in there to rebuild. Part of it is the reconstruction of a retaining wall, the other one is for demolition of a dangerous wall on 1340 East. Mr. Whetzel said he does not know what the fund will be for future years but this is what they have set up to try to address these problems in the interim.

The cost of reimbursement for services going down \$140,000 to \$73,000 due to the bankruptcy from ASARCO, Mr. Whetzel said. All they have in there now is monies coming from the General Fund to pay the Power Fund for the electrical inspectors.

The regular employees in the Roadways budget are down a little because one of the employees was transferred to the Storm Water Utility Fund. Mr. Whetzel said the total savings to the General Fund was over \$300,000 if the City goes forward with the Storm Water Utility Fund.

Mr. Whetzel point out that the cost of fuel has increased dramatically. He does not know if it will be adequate depending on what happens in the next year or so when they bump it up to

\$20,000 - \$40,000. Mr. Whetzel commented that this is historical usage over the years.

Under **Reimbursement for Services**, Mr. Whetzel clarified that the prior storm water employees were also delivering garbage cans. That function will be assumed by the Roadways Division and therefore the money from the Solid Waste Fund will not go to the Roadways budget to reimbursement them.

Road Cuts Repair & Maintenance - Status Quo. Only the normal increase in the cost of employees.

Mr. Whetzel noted that the **Class C Road Funds** that all of the 3000-4000 sub-account expenses are standard items each year.

As part of the Class C Roads, for the Cottonwood Bridge project they will bring \$50,000 over from Class C Road Funds into this year because project costs will be shared among Salt Lake County, Murray City, and UDOT and will total \$100,000 budget this year because the price went up as well as bringing it over from the prior year.

Mr. Whetzel distributed a list of the **Class C. Road Projects** which include 6400 South 700 West to the canal, 300 West 5900 South to I-215, 4800 South State to UP tracks, Vine - State to 5300 South, 5600 South State to 900 East, 500 West 4500 South to Big Cottonwood, Fashion Blvd. 5600 South to 5770 South, 4800 South - River to UP tracks, and Fashion Blvd - 6100 South to Winchester. The principal and interest on the bonds are almost \$600,000. Those bonds have another three years to run and will be paid off on September 1, 2009. He said the City keeps that short-term on those bonds so they would be able to put their full \$1.4 million back into Class C Roads in future years.

Ms. Griffiths asked about the Trustee Fees of \$2,500.

Mr. Whetzel said the bonds principal and interest are paid by Zions Bank to the Bond Holders and they charge the City an annual fee of about \$2,500 to handle them. That cost will go away in 2010.

Mr. Whetzel reviewed the **Road Construction Projects**, and stated that ADA and sidewalk replacement are standard items each year. The Mayor has indicated that he wants to spend \$1 million on road construction. They also have \$125,000 to be spent on equipment. The projects they are proposing are Winchester Sidewalk, the Jordan River, Germania Avenue, Murray Blvd. 6830 South Parking Lot down at the Recreation Center \$55,000 to replace that parking lot and overlay it and Glen Oak - 5900 South to Southwood. The equipment they are proposing to purchase this year will be on-going over time, the backhoe and one pickup truck. The backhoe costs \$100,000.

Streets & Storm Line Cleaning - All of the employees and other costs in that particular

budget were transferred to the proposed Storm Water Utility Fund.

Shop & Garages - Basically a status quo budget. The big item in there is the rental/lease item for the building for the shops and garages at public works. The bond and will pay off about 2012, and that will free up \$210,000 at that point in time.

Engineering - Mr. Whetzel pointed out that fuel costs increased from \$3,000 to \$3,500. Other than that there are no major changes.

That completed the Public Works Budget.

Community Planning - Status quo budget.

Mr. Whetzel advised that **Code Enforcement** is budgetarily and legally in the Community Development Area. Personnel costs for code enforcement officers and related equipment and supplies are included in this budget. He pointed out that as in most departments, fuel went up from \$1,900 to \$3,000.

There are two code enforcement officers in this budget and one in zoning enforcement on the Community Planning budget.

Ms. Dunn asked that the \$134,000 for **Street Lighting** be placed on the Contingency List.

PARKS & RECREATION

Mr. Whetzel advised that **Street Trees** is primarily the cost of planning the Annual Arbor Day Festivities, planting trees in the parks and around Murray.

Murray Park - Mr. Whetzel said fuel costs have increased from \$20,000 to \$28,000. **Utilities** are up from \$125,000 to \$140,000, the cost of natural gas is the cause. **Capital Improvements** include sidewalks and playground improvements. The \$90,000 includes two major items: replacement of the ten year old playground equipment which is at the skating rink; and, \$10,000 is for continuing the sidewalk replacement at the arboretum. Mr. Whetzel advised that the **Equipment** budget includes replacement of a one-ton utility truck, a pick-up truck, a utility vehicle and two riding lawn mowers.

Ms. Dunn asked if the playground equipment was going to be replaced this year. Mr. Hill indicated not this year.

Neighborhood Parks - Mr. Whetzel noted that **Utilities** went up to \$60,000 and \$70,000 to take care of water and natural gas and other utility costs. **Equipment** is at \$25,000 that is replacement for one lawn mower and one utility vehicle.

Ice Rink - Equipment –Mr. Whetzel said the \$10,000 to replace the old Zamboni machine which is the machine that keeps the ice nice and smooth.

Park Center - Mr. Whetzel said they made a few adjustments to on-going O&M costs, **Office supplies** are up by \$1,000, **Equipment Maintenance** is up by \$1,500. Swimming costs are up by \$2,000. The **special supplies** are up by \$500.00, the **Rental & Lease payments** are \$800,000 a year and are on a 20-year bond that won't be paid off until 2022.

Ms. Dunn asked about the tiles in the swimming pool area. She asked if they were covered by warranty.

Mr. Hill said everything is off warranty now that they have at the Park Center. Any corrosion type things they have going, which they have a significant amount of. They have hired a second consultant to manage the HVAC system and they have been perplexed as to why everything is rusting out sooner. The air handlers have typically a fifteen year life on them, they are saying we will be lucky to get ten years on the air handlers. Without pointing fingers they think maybe the mechanical design just wasn't done well enough to deal with the circulation of the air. It is one of the big problems there that they are still dealing with and trying to figure out what to do. He said at some point they may need to replace it sooner than they should and that could be a bigger ticket item.

Chairman Dredge said the tile is still an issue.

Mr. Hill responded that the tile has been replaced for the third and last time a couple of weeks ago. That is an on-going issue they are still dealing with. This is the last attempt at putting tile down, if this doesn't work then working with the architect they will move to another type of surface treatment. Right now they are giving the contractors an opportunity to resolve it. It is not costing Murray anymore money.

Recreation - Awards - This budget is status quo although they have increased the amount of awards, uniforms, sporting equipment and programs officials up by about \$2,000 in each of those categories, as the cost of those devices go up a little bit.

Ms. Dunn noted for maintenance where their price is going up \$5,000 it was not approved by the Mayor, and asked how they cover that.

Doug Hill said when that was put in when they contracted out the janitorial services at the Parks Center. Janitorial Services said they would be going up \$5,000 last next year and Ms. Rumel and Mr. Plant told them that they don't think it should go up \$5,000 and to go back and look at the numbers again. They did and they said they would continue at the current price, that is why that was not included at the Mayor's level.

Mr. Brass asked if the awards and uniforms will be covered by the change in fees? Mr. Hill

said all of it will be covered by the change in fees but the expense is still there and that is why it is in the budget.

Cultural Arts - Is status quo with the exception of the **Temporary Employees** with the burden that Ms. Kirk has for all the responsibility, she has asked for an additional \$4,000 for temporary employees. No medical or retirement benefits, strictly an hourly wage.

Ms. Dunn said that at some point in time Mr. Hill and Ms. Kirk could give some kind of a count on the recreation programs, the arts programs and utilization of each, and maybe some comparison figures over several years.

Mr. Hill said they have those figures and they would be easy to reproduce.

Swimming Pool - Status quo except for improvements. \$ 7,000 to repair a fence around the pool to keep kids from getting in. Liability is the concern.

Heritage Center - Mr. Whetzel commented that Susan Gregory, Director, does an excellent job. This budget is pretty much status quo. The only thing that has changed down there is the cost of natural gas (\$2,000). Everything is status quo.

Cemetery - The last item in Parks & Recreation is the Cemetery. They have requested quite a few line item increases. **Equipment Maintenance** went up about \$1,000. **Utility** has a huge increase of \$13,000. The water department, in it's infinite wisdom, put some water meters in the cemetery and they will continue to pay that for the rest of the year. The Cemetery, in the Uniform Accounting Manual for the State of Utah puts the cemetery under parks & recreation for budgeting purposes. **Equipment-** \$60,000 is for a backhoe to dig graves.

Ms. Dunn said regarding the request for the road removal and expansion, wouldn't that pay for itself.

Mr. Hill said when they put the last addition on around the water tank, about ten years ago, they projected the useful life of the cemetery was about fifteen more years. Research this last month shows they are exceeding the number of burials that they had projected ten years ago. The useful life of selling lots at the cemetery is now down to five years. Part of that is because their fees are so low. They will be sending an ordinance to the Council to increase those fees in the near future.

Mr. Hill said one way to expand the cemetery is to remove some of the roads, especially the ones that come in off of 5600 South. There are two roads there that would provide some additional space. Over time it could pay for itself because of the additional lot sales.

Ms. Griffiths said that road removal would also improve safety. There are more roads than are needed in the cemetery.

Ms. Dunn said they could use additional space. There have been numerous complaints about the mess in that one corner of the cemetery. Mr. Hill said that problem needs to be resolved. They estimate the cost to remove the roads would cost about \$15,000.

Ms. Dunn placed the \$15,000 to remove the road on the Contingency List.

WATER

Water Transmission and Distribution - Power & Pumping - Doug Hill said this may be the time that we need to start doing water projects without waiting for project lists. The road project list is not moving as fast as the water project list is. He knows that typically they have tried to go into a water line and then put an overlay over the top of it but they may now be doing water lines and having to patch them back.

Water Power & Pumping - Mr. Whetzel point out two major projects for the year: Reservoir # 2 **Water** modifications \$110,000; and, is pump and well house Equipment \$90,000.

Doug Hill said this may be the time that we need to start doing water projects without waiting for road projects because the road project list is not moving as fast as our water project list is. Typically, they have had to go in and do a water line and put an overlay over the top of it. We may now be doing water lines and having to patch them back. That is not the ideal scenario but that is where they are.

Ms. Dunn said that is right.

Chairman Dredge noted that Mr. Robertson returned at 2:30 p.m.

Water Transmission and Distribution - Status Quo. The major items this year line item **73-10** Pipe replacement - over \$1 million last year, this year they are down to normal level \$250,000 for pipe replacements. In **Equipment** they have several items. A one ton truck and a backhoe one of those super suction vacuum cleaners that they put down into the storm catch basins and suck all the rocks, dirt, branches, etc. They cost about \$60,000 a piece. It is one of the major capital items for water transmission and distribution.

Customer Service Accounts - This is a status quo account the normal variation based upon the allocation system we have in place. **Vehicle** - One item in there is a meter reader truck. The Power Department has two 1994 and 1997 Ford Rangers with about 110,000 miles on each of them. One has been approved by the Mayor in the Water Fund and one has been approved by the Mayor in the Power Fund. \$28,000 each.

City Hall Services - This account is status quo. A small change **in-lieu-of tax transfer** payment for \$20,000 as the revenue goes up in water or waste water the price goes down , then that percentage is just the .3 % and it is reconciled at the end of each fiscal year. So it is a true 8.3 %.

Ms. Dunn placed all in-lieu-of-tax transfers on Contingency for right now.

Water Administration and General - Mr. Whetzel noted the following changes: \$27,000 replacement of **vehicle**. **Fuel** was bumped up by \$6,000 to cover fuel costs. **Small Equipment** - The Mayor approved the purchase of some new computers for the office. **Equipment - Vehicle replacement** is a 1994 and they will probably look at a hybrid to see if it is applicable for the application for the administration department at the water .

WASTE WATER

Waste Water - Regular Employees are down, as the employee assigned to this account was transferred into the Storm Water Utility Fund.

Special Services - They got an additional \$45,000; what that amounts to is that there is a system whereby they inject smoke into the sewer lines and as that smoke comes out the operator can tell where the leaks are. **Equipment** - The \$64,000 funds replacement of two pickup trucks.

Ms. Dunn asked if there was a policy on how often they replace trucks. Mr. Whetzel said George Hamer at the vehicle maintenance division is asked annually for a list of vehicles that he would replace each year. They replace about half. The policy is they try to drive their trucks as long as they can.

Ms. Dunn said on many of the requests throughout all the departments they list miles or years or hours on them and other departments don't list anything, they just say they need a new truck. Ms. Dunn said vehicle replacement is one of the biggest expenses, overall. She would like to review vehicle policy with the departments. She is asked that question frequently. There are times when towing capability is needed we need to be aware of cost to operate as well as base cost.

The Mayor said that there are constituents who speak out of turn and don't know the reasons behind the use of different vehicles. The City always considers cost of maintenance and mileage when a vehicle is purchased. The Police Department runs auto replacement on a rotation basis.

Customer Accounts - Status quo - The normal variation based on the allocation system they have in place. One item is a meter reader truck. \$29,000. There are two Ford Rangers 1994 & 1997 with 110,000 miles each on them. One is approved by the Mayor in the water fund and one has been approved by the Mayor in the Power Fund. They will determine whether a hybrid is a good use for the meter readers with their stopping and going all the time. They are a little more expensive to purchase but should provide long term savings.

City Hall Services - Status quo - Slight change in-lieu-of-tax transfer payment for \$20,000 as the revenue goes up in water, wastewater. That %age is the 8.3 %, it is reconciled at the end of each fiscal year. It is a true 8.3 % of the \$400,000 in water.

Council Member Dunn said she would like to put all in-lieu-of-tax transfers on contingency for right now.

Water Admin. & General - The item that have changed there are, again, **21-51 - Fuel ...** That was bumped by \$6,000 to cover fuel costs. **21-90 - Small Equipment** - The Mayor has approved the purchase of some new computers for the office. **74-10 - Equipment** - A vehicle to replace a 1994 vehicle, \$27,000. They will probably look at a hybrid to see if it applicable to the application in the water department.

Waste Water Department - The employees are down slightly. An employee was assigned here that was transferred over by a clerical error. **31-10 - Special Services** - There is an additional \$45,000 in there. That amounts to is there is a system where they can inject smoke into the sewer lines and where that smoke comes out he can tell where the leaks are. It is done by an outside contractor and that is why it is in special services. **73-10 Improvements** - \$150,000. **74-10 Equipment** - is a one ton pickup truck.

Ms. Dunn asked if there was a policy on vehicle replacement.

Mr. Whetzel said George Hamer and the vehicle replacement committee identify minimum requirements. He provides a list of vehicles that need to be replaced this year. They review those recommendations.

Doug Hill said each year based upon George Hamer's recommendations. Policy is they try to drive their trucks as long as they can. Murray doesn't have a two-year, four-year turn over policy.

Ms. Dunn said on many of the requests throughout the departments they have years, or miles, or hours of service to help determine the life of the vehicle. Other departments don't list justification, they just say they need a new truck. Ms. Dunn said when you add up all the vehicle replacements it is one of the biggest expenses, overall. She would like to review those policies. Some of the replacements are not in as bad a shape as some of the others that we don't replace. Citizens have a tendency to question the purchase of new vehicles. Ms. Dunn said she would like to spend some time on that because it is a question that citizens ask frequently. They also have concern over the size of the vehicle.

Ms. Griffiths said the cost to operate is also under scrutiny.

Mayor Snarr said towing capability, a certain class of vehicle, enters into the decision making process. Environmentally, we should look at down sizing some of the trucks for better mileage and consider renting a vehicle for towing if towing is not needed that frequently.

Mayor Snarr said they make the best decisions based on the situation and save taxpayers money in the long run.

Ms. Dunn said they understand those decisions.

Ms. Griffiths said these are comments constituents bring to Council Members. The Council needs rationale to deal with those questions.

Ms. Dunn clarified that the Police Department is the only department rotating vehicles on a time basis.

Mayor Snarr pointed out that the Fire Department rotates every 5-6 years, their annual mileage is not as high as the police vehicles.

Waste Water, Administrative General - Status quo. The **in-lieu-of-tax transfer** in waste water is \$270,000. This will go on contingency as Ms. Dunn instructed.

M.I.S. - eliminated a full-time position this year.

Central Valley Operation & Maintenance & Construction - The budget they got from Central Valley indicates they will be doing some minor construction projects next year. There is \$200,000 in the budget to cover that on a cash basis.

PARKWAY FUND

Golf Course - Whetzel pointed out the following: **Maintenance** is up \$1,000; **Fuel** was increased \$3,500 in order to cover the cost of fuel; **Equipment** \$101,000. The Parkway is out of the red and so budgeted two mowers and one piece of equipment for sand traps. They are very expensive but they last 10-12 years.

Mr. Brass asked if they had a storage facility for new equipment.

Doug Hill said it is a priority project for them but the equipment is more important than the building right now. They are storing the equipment inside, it is just that it is on top of one another. Every time you move a piece of equipment they have to back out three other pieces of equipment. They have the old garage that they put some equipment in, and for the most part it is stored and is covered during the winter.

Pro-Shop - Status quo. **Equipment** \$168,000. \$160,000 of that is for the acquisition of the new carts in January of 2007, the other \$8,000 is for the acquisition of the point of sale cash register.

Doug Hill said another thing they are looking at is internet.

Mr. Whetzel said they pay for themselves through the year. It is a good investment.

Gary Healey, Golf Pro, explained that they take in \$350,000 in revenue and pay out \$50,000 on O&M. The carts have a 5-year rotation basis and at the point in time they maintain them they have to replace all of the batteries to take them any further and the cost to replace the batteries to take them any further - it costs over \$40,000 to replace the batteries, so they figure they may as well put that \$40,000 toward their replacement. The company that gets the bid will refurbish them and some places allow private carts on. They are used around apartment complexes to do maintenance work, you see them at different places.

Cafe' Operations - Status quo budget.

Administrative & General In-lieu-of-tax transfer under Administrative General the Parkway is \$22,000. Other than that it is a status quo budget. The loan repayments to the General Fund went away and so it is back down now to its normal plus \$110,000 a year for the particular budget. The in-lieu-of-taxes are on the Contingency List with the other ILOTs.

WASTE DISPOSAL FUND

Waste Disposal expenses dropped by about \$5,000, but BFI has a 2 % increase each year. Waste Disposal is the amount we pay Trans Jordan for the dumping of our garbage out there.

Refuse container expense. Mr. Whetzel said basically whatever money they are not using for other areas they put into refuse containers as needed.

There are no in-lieu-of-tax transfers on this one.

STORM WATER UTILITY FUND

Storm Water Utility Fund - There are five people in this particular budget.

City Hall Services 31-21 - Is very comparable in costs to the Solid Waste Fund, so the City Services fund should be right in the \$24,000 category.

Rent/Lease Payments - Mr. Whetzel explained that this includes payment on the two brooms they intend to buy under the category of **equipment**, two sweepers on a lease purchase program for \$80,000 a year for 4 or 5 years; they will probably be turning those over periodically. There is an **in-lieu-of-tax transfer** in the Storm Water Utility Fund for \$103,000, if that would happen to go into the General Fund it would reduce the property increase from 40.9 % to 34.8 % - \$103,000 is roughly 2.5 %.

Mr. Whetzel said he talked with Mr. Hill who said he does not know how he feels about the in-lieu-of-tax transfer.

Ms. Dunn said if we have it in enterprise funds we have to have it across the board.

FLEET SERVICES

Central Garage is status quo they have the same budget they had last year.

COMMUNITY DEVELOPMENT BLOCK GRANT

CDBG (Community Development Block Grant) that is status quo, the Council has already approved that. There are no changes in that budget.

CEMETERY PERPETUAL CARE

Cemetery Care is a standard budget they take in money from interest from the portion of the sales of cemetery lots goes in there as perpetual maintenance fee. They have over a million dollars in that fund. They draw out about \$50,000 a year that goes into the General Fund to subsidize a small portion of the cost of the cemetery maintenance.

Mr. Whetzel said that covers the Public Services budget.

Mr. Robertson asked about participation in State Gasoline Program.

George Hamer said participation has been good and it has reduced costs.

LIBRARY

Library - Dan Barr introduced, Morris Haggerty of the Library Board.

Mr. Whetzel said this budget is status quo. He pointed out that the **Fund Balance** has \$50,000 in there to get the cash reserves up to a reasonable level so we don't have to go into debt to fund September, October, November time frame.

Director Barr said the Library had a long-range plan that was presented to the City Council when looking at the revenue enhancement. He noted that they are in the second part of a five-year strategic planning process, part of the process they are looking at now is how do make best use any increases - some of it is going into Reserves and some of it is going to be used over the next five years to upgrade and modify the building itself. Mr. Barr said the building is almost fifteen years old, and was built before internet services and a lot of new efficiencies that are out there.

Mr. Barr said they have started to replace furnaces and air conditioning units, and replaced the roof a couple of years ago in that moderm of preventative maintenance and looking at how to accommodate the building for future use.

Mr. Barr said he will be working with the Library Board on this long range plan and he will provide a copy to the Council. Some of the things in this budget are a part of that in a first phase. So they are going to be looking at the furnishings inside the building, making some changes to signs

and shelving and re-upholstering furniture and things like that. They are also looking at some design service costs for professional services, where they would be using their architect and their consultants to help them plan this process.

Director Barr said they are headed in the right direction it is much more manageable. He can share more when the School Board is here.

Ms. Dunn said one thing that the County Council Members have requested from Murray is for Murray to somehow find a way to take a count on the number of people who come from County, outside of Murray City to use the library and she has told them she does not know if there is a way to do that. The number of folks from the newly annexed area that are using this library would be important.

Director Barr said they code things by zip code. They could tell from the zip code and there is some overlap. The other way they break it down is by Salt Lake City resident or Salt Lake county resident outside of Murray. They have both the number of individuals that are registered to use our facility plus the number of items they circulate. They can't really identify any other geographic kind of area.

Ms. Dunn asked if there was any way she could get that information.

Director Barr said he will provide that information.

Ms. Griffiths said being a member of the Library Board she knows Director Barr is on top of everything and shares his data each month with the board who reviews these very carefully and they are a very capable board. The strategic planning pays great dividends too. She commended them for their leadership and management and also the Board for their expertise. Mr. Griffiths commented on the *One County, One Book* program and encouraged everyone to read that book.

Director Barr said they started this program in early April. They purchased additional copies and we have already distributed over 150 copies in Murray. He has 50 more on order. Most of these copies are not being paid for with tax money. Our Friends of the Library support group, have donated funds for this.

Adjournment:

Chairman Dredge adjourned the meeting at 3:05 p.m.

Carole W. Lee
Administrative Secretary